

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

ERDA-05 DODE-00 FEAE-00 FPC-01 H-02 INT-05 L-03

NSC-05 PM-04 SAM-01 OES-06 SS-15 STR-04 ACDA-07 PA-01

PRS-01 OIC-02 /146 W

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R 231843Z JUL 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 2996

INFO ALL IEA CAPITALS 0037

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 21597

E.O. 11652: GDS

TAGS: OECD, ENRG

SUBJECT: SECOND MEETING OF OECD COMMITTEE FOR
ENERGY POLICY

REF: STATE 179407

1. BEGIN SUMMARY: OECD COMMITTEE FOR ENERGY POLICY
(CEP) HELD SECOND MEETING ON JULY 22. MEETING WAS
GENERALLY UNEVENTFUL WITH MOST OF TIME DEVOTED TO
TECHNICAL DISCUSSION OF UPDATE OF OECD LONG-TERM
ENERGY ASSESSMENT AND TO PRO-FORMA SUMMARY PRESENTA-
TIONS OF NATIONAL ENERGY PROGRAMS BY CANADA, JAPAN
AND FRANCE. DISCUSSION OF CIEC ISSUES WAS RELATIVELY
BRIEF. FRENCH DELEGATION, ALTHOUGH LARGE AND AT
QUITE HIGH LEVEL, TOOK FAIRLY LOW PROFILE AT MEETING.
NOVEMBER 5 IS - SET AS DATE FOR NEXT MEETING.
SIGNIFICANT POINTS OF AGENDA ITEM DISCUSSION ARE
COVERED BELOW. END SUMMARY.

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2. CIEC

IEA DIRECTOR LANTZKE SUMMARIZED DEVELOPMENTS IN CIEC ENERGY COMMISSION TO DATE. HE NOTED THAT EVEN THOUGH CIEC HAD BOGGED DOWN AT JULY SESSION, FINAL AGREEMENT ON WORK PROGRAMS ACTUALLY HAD BEEN VERY CLOSE IN ALL AREAS EXCEPT DEBT. LANTZKE EXPRESSED VIEW THAT G-9 OBSTINANCY IN ENC ON PURCHASING POWER ISSUE WAS PRIMARILY A TACTIC TO INCREASE LEVERAGE ON DEBT ISSUE AND OTHERWISE COULD HAVE BEEN RESOLVED. LANTZKE CONCLUDED BY SAYING THAT AN IMPASSE AT SOME POINT IN CIEC ON SOME OF TOUGHER ISSUES WAS INEVITABLE, AND PERHAPS IT BEST THIS HAPPENED JUST BEFORE AUGUST BREAK, ALLOWING TIME TO SORT THINGS OUT AND RECONSTRUCT DIALOGUE ON MORE REALISTIC BASIS IN FALL.

TENOR OF COMMENTS BY OTHER REPS, WHILE RECOGNIZING SERIOUSNESS OF CIEC SITUATION WERE GENERALLY OPTIMISTIC ABOUT CHANCES FOR RECONSTRUCTION. ONLY SPANISH REP STRUCK MORE EXCITED NOTE, SAYING THAT DIALOGUE AT THIS POINT HAS FAILED AND PROBABLY COULD NOT BE PIECED TOGETHER AGAIN BEFORE NEXT YEAR, IF THEN. HE STRESSED THAT, IN SPANISH VIEW, POST-CIEC CONTINUING MECHANISM IN ENERGY AREA IS ESSENTIAL IF DC'S ARE TO BE ABLE BRING PRESSURE ON PRODUCERS IN FUTURE TO MODERATE PRICE INCREASES, AND TO HELP INSURE AGAINST FUTURE EMBARGOS. THEREFORE, DC'S NEED DECIDE SOON WHAT THEY ARE PREPARED TO CONCEDE IN KEY AREAS OF CIEC IN ORDER OBTAIN SUCH A MECHANISM.

AMBASSADOR TURNER MADE POINTS CONTAINED REFTEL STRESSING THAT IT MOST IMPORTANT AT THIS JUNCTURE, WHILE WE AWAIT DEVELOPMENTS (INCLUDING RESULTS OF CONVERSATIONS BETWEEN CONFERENCE'S CO-CHAIRMEN), THAT G-8 MAINTAIN A UNITED POSITION IN HANDLING THIS PROBLEM. FRENCH REP (DELEGUE-GENERAL FOR ENERGY, M. MENTRE) MADE HALF-HEARTED BID FOR EXPANDED CEP ROLE VIS-A-VIS CIEC, SUGGESTING THAT ONE AREA WHERE CEP COULD BE USEFUL WOULD BE IN PREPARING STUDIES ON CAPITAL REQUIREMENTS FOR FUNDING OF NEW ENERGY INVESTMENT. NO OTHER REP SUPPORTED FRENCH SUGGESTION AND LANTZKE

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DEFLECTED PROPOSAL, POINTING OUT THAT IEA CURRENTLY DISCUSSING THIS PROBLEM AND SECRETARIAT COULD PULL TOGETHER SUMMARY OF ESTIMATES ON THIS SUBJECT WHEN AVAILABLE, IF MEMBER GOVERNMENTS INTERESTED. MENTRE ALSO APPEARED AT ONE POINT IN DISCUSSION TO BE ATTEMPTING REOPEN QUESTION OF OECD OBSERVER STATUS IN ENC, BUT DID NOT FOLLOW THROUGH ON THIS.

3. LONG TERM ENERGY ASSESSMENT UPDATE:

DISCUSSION OF LTEA ISSUES WAS LENGTHY AND HIGHLY TECHNICAL WITH MOST DELS (NOT INCLUDING FRENCH) PARTICIPATING ACTIVELY. SECRETARIAT SAID REVISED TEXT WOULD BE CIRCULATED TO DELEGATIONS BY AUGUST 15. TWO-DAY TECHNICAL LEVEL MEETING WOULD BE HELD IN MIDDLE OR LATE SEPTEMBER TO GO OVER FINAL TEXT, AND DOCUMENT WOULD BE PUBLISHED IN OCTOBER OR NOVEMBER ON SECGEN'S OWN AUTHORITY. DOCUMENT ITSELF WOULD NOT BE DISCUSSED IN CEP.

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U.S. REP (BORRE) SAID U.S. WOULD BE SUBMITTING DETAILED COMMENTS ON LTEA UPDATE ONCE COMPLETE TEXT MADE AVAILABLE IN AUGUST. U.S. BELIEVED, HOWEVER, THAT FULL DESCRIPTION OF ASSUMED POLICY ACTIONS DISTINGUISH-

ING "EXISTING POLICY" AND "VIGOROUS POLICY" CASES
NEEDED BE INCLUDED, SINCE EFFECT OF THESE TWO CASES
UPON U.S. AND OECD ENERGY BALANCES IS SIGNIFICANT.
HE SAID U.S. ALSO CONTINUES TO RESERVE RE DESIRABILITY
OF EXTENDING TEXT'S PROJECTIONS BEYOND 1985. OIL
SUPPLY PROGRAMS TO '85 ARE RELATIVELY WELL KNOWN, BUT
EXTRAPOLATION BEYOND THIS DATE IS HAZARDOUS AND
CREDIBILITY OF ENTIRE STUDY WOULD BE UNDERMINED IF
ANALYSIS EXTENDED IN THIS FASHION. OTHER REPS (FRG,
CANADA, SWISS) SUPPORTED U.S. LANTZKE AGREED THAT
PRECISE FORECAST FOR 1990 SHOULD BE AVOIDED BUT FELT
SOME COMMENT WAS NEEDED CONCERNING POSSIBLE EFFECT IF
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GOVERNMENTS DID NOT ACT TO REDUCE GROWING IMPORT DE-
PENDENCY. HE WAS RELUCTANT THEREFORE TO DROP 1990
CONCEPT ALTOGETHER.

4. NATIONAL ENERGY POLICIES PRESENTATIONS:

PRESENTATIONS BY CANADA AND JAPAN WERE REPEAT
PRESENTATIONS OF MORE DETAILED EXPOSITIONS PREVIOUSLY
IN IEA. DISCUSSION OF PRESENTATIONS WAS QUITE BRIEF.
GREEK DEL VOLUNTEERED TO MAKE PRESENTATION AT NEXT CEP
MEETING.

5. ELECTION OF SECOND VICE CHAIRMAN:

COMMITTEE APPOINTED FRENCH DEL MENTRE AS SECOND
VICE CHAIRMAN.

6. SUBSIDIARY BODIES OF COMMITTEE:

COMMITTEE ADOPTED DRAFT MINUTE ABOLISHING ALL
PREVIOUS SUBGROUPS OF OLD OECD OIL AND ENERGY COMMIT-
TEE. NO TIME WAS LEFT TO DISCUSS POSSIBLE CREATION OF
SINGLE WORKING PARTY.

7. WORK PROGRAM FOR CEP

THERE WAS NO DISCUSSION OF THIS TOPIC DUE LACK
OF TIME.

8. ENERGY AND ENVIRONMENT:

DISCUSSION OF THIS TOPIC WAS PUT OFF TO NEXT
SESSION.

9. OTHER BUSINESS:

LANTZKE REFERRED TO SUGGESTION IN OECD COUNCIL
BY NORWEGIANS AND GREEKS THAT OECD SET UP GROUP TO
STUDY PROBLEMS OF SURPLUS WORLD SHIPPING CAPACITY AS
RESULT OIL CRISIS. LANTZKE SAID WORK ON THIS WAS
ALREADY UNDER WAY AND NATIONAL OFFICIALS RESPONSIBLE
FOR ENERGY ISSUES SHOULD BECOME FAMILIAR WITH PROBLEM.

(NOTE: IMPLICATION WAS THAT CEP MIGHT REVIEW STATUS
OF WORK BEING DONE ELSEWHERE ON THIS ISSUE.)

10. DATE FOR NEXT MEETING:

FRENCH REP SUGGESTED NEXT MEETING BE HELD AS
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SOON AS CIEC DIALOGUE RESUMED, PERHAPS IN SECOND HALF
SEPTEMBER OR EARLY OCTOBER. U.S. REP SAID HE WOULD
FAVOR DATE IN LATE OCTOBER OR POSSIBLY NOVEMBER, ASSUM-
ING COMMISSION HAS RESUMED DISCUSSIONS. LANTZKE SAID
THERE NO REAL JUSTIFICATION FOR A MEETING
UNTIL AFTER PROJECTED OCTOBER CIEC ROUND. ONLY FINLAND
SUPPORTED FRENCH POSITION. GROUP AGREED ON NOVEMBER 5
AS NEXT MEETING DATE.

11. COMMENT: BY NOW, FRENCH APPEAR TO CLEARLY
RECOGNIZE THEY ARE VIRTUALLY ISOLATED IN THEIR DESIRE
TO USE CEP AS ACTIVE POLICY COORDINATING ORGAN DUPLI-
CATING WORK OF IEA, PARTICULARLY ON CIEC ISSUES.
DESPITE HIGH LEVEL AND SIZE (SIX) OF FRENCH DELEGATION,
FRENCH INTERVENTIONS AGAIN LACKED PUNCH

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